

*What Every Member of the  
Trade Community Should Know About:*

*Improving Information  
Technology Invoice  
Descriptions*



*An Informed Compliance Publication*

*May 2001*

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**U.S. CUSTOMS**

## **NOTICE:**

This publication is intended to provide guidance and information to the trade community. It reflects the Customs Service's position on or interpretation of the applicable laws or regulations as of the date of publication, which is shown on the front cover. It does not in any way replace or supersede those laws or regulations. Only the latest official version of the laws or regulations is authoritative.

### *Publication History*

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## **PRINTING NOTE:**

This publication was designed for electronic distribution via the Customs World Wide Web site (<http://www.customs.gov>). It was originally set up in Microsoft Word97<sup>®</sup>. In order to maintain pagination and margins it has been converted to Adobe Acrobat<sup>®</sup> portable document format (.pdf) with some blank pages inserted to allow two sided printing, if your printer has that capability. It can be printed using the freely available Adobe Acrobat Reader<sup>®</sup>.

## PREFACE

On December 8, 1993, Title VI of the North American Free Trade Agreement Implementation Act (Pub. L. 103-182, 107 Stat. 2057), also known as the Customs Modernization or “Mod” Act, became effective. These provisions amended many sections of the Tariff Act of 1930 and related laws.

Two new concepts that emerge from the Mod Act are “***informed compliance***” and “***shared responsibility***,” which are premised on the idea that in order to maximize voluntary compliance with Customs laws and regulations, the trade community needs to be clearly and completely informed of its legal obligations. Accordingly, the Mod Act imposes a greater obligation on Customs to provide the public with improved information concerning the trade community’s rights and responsibilities under the Customs and related laws. In addition, both the trade and Customs share responsibility for carrying out these requirements. For example, under Section 484 of the Tariff Act as amended (19 U.S.C. §1484), the importer of record is responsible for using reasonable care to enter, classify and determine the value of imported merchandise and to provide any other information necessary to enable Customs to properly assess duties, collect accurate statistics, and determine whether other applicable legal requirements, if any, have been met. The Customs Service is then responsible for fixing the final classification and value of the merchandise. An importer of record’s failure to exercise reasonable care could delay release of the merchandise and, in some cases, could result in the imposition of penalties.

In order to provide information to the public, Customs has issued a series of informed compliance publications, and videos, on new or revised Customs requirements, regulations or procedures, and a variety of classification and valuation issues.

The Port of San Francisco, the National Invoice Quality Group, the Dallas Strategic Trade Center (Office of Strategic Trade), and the National Commodity Specialist Division (Office of Regulations & Rulings) have prepared this publication on ***Improving Information Technology Invoice Descriptions*** as part of a series of informed compliance publications regarding the classification and origin of imported merchandise. We sincerely hope that this material, together with seminars and increased access to Customs rulings, will help the trade community to improve, as smoothly as possible, voluntary compliance with Customs laws.

The material in this publication is provided for general information purposes only. Because many complicated factors can be involved in customs issues, an importer may wish to obtain a ruling under Customs Regulations, 19 CFR Part 177, or to obtain advice from an expert who specializes in customs matters, for example, a licensed customs broker, attorney or consultant. Reliance solely on the information in this pamphlet may not be considered reasonable care.

Comments and suggestions are welcomed and should be addressed to the Assistant Commissioner at the Office of Regulations and Rulings, U.S. Customs Service, 1300 Pennsylvania Avenue, NW, Washington, D.C. 20229.

Stuart P. Seidel,  
Assistant Commissioner  
Office of Regulations and Rulings

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## Introduction

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When goods are imported into the Customs Territory of the United States (the fifty states, the District of Columbia and Puerto Rico), they are subject to certain formalities involving the U.S. Customs Service. In almost all cases, the goods are required to be “entered,” that is, declared to the Customs Service, and are subject to detention and examination by Customs officers to insure compliance with all laws and regulations enforced or administered by the United States Customs Service. As part of the entry process, goods must be “classified” (determined where in the U.S. tariff system they fall) and their value must be determined. Pursuant to the Customs Modernization Act, it is now the responsibility of the importer of record to use “reasonable care” to “enter,” “classify” and “value” the goods and provide any other information necessary to enable the Customs Service to properly assess duties, collect accurate statistics, and determine whether all other applicable legal requirements are met.

Classifying goods is important not only for duty purposes, but also for determining whether the goods are subject to quotas, restraints, anti-dumping or countervailing duties, embargoes or other restrictions. The act of classifying goods is complex and requires an importer to be familiar with the Harmonized Tariff Schedule of the United States (HTSUS), its 99 chapters, rules of interpretation, and notes. A detailed discussion of the HTSUS may be found in a companion publication entitled, *What Every Member of the Trade Community Should Know About: Tariff Classification*. Customs valuation requirements are separately discussed in a companion publication entitled, *What Every Member of the Trade Community Should Know About: Customs Value*. Both of these publications are available from the Customs World Wide Web pages on the Internet (see the [Additional Resources and Information](#) section for information on accessing these sources and obtaining additional Customs Service publications).

Classification of merchandise under the Harmonized Tariff Schedule of the United States is in accordance with the General Rules of Interpretation (GRI's). GRI 1 provides that classification shall be determined according to the terms of the headings and any relative section or chapter notes.

The *Harmonized Commodity Description and Coding System Explanatory Notes* (referred to as E.N. or *Explanatory Notes*)<sup>1</sup> constitute the official interpretation of the Harmonized System at the international level. While not legally binding nor dispositive, the E.N.s provide a commentary on the scope of each heading of the Harmonized System and are generally indicative of the proper interpretation of these headings. See T.D. 89-80, 54 FR 35127, 35128 (August 23, 1989).

This publication emerged from needs expressed by trade members in the Information Technology Primary Focus Industry (“PFI”) for assistance in describing imported merchandise. Most of the larger companies in the industry have completed, or are in

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<sup>1</sup> The *Harmonized Commodity Description and Coding System Explanatory Notes - Second Edition* is © 1996 Customs Cooperation Council (working name: World Customs Organization (WCO)), Rue du Marché 30, B-1210 Brussels, Belgium.

the process of completing, their own internal reviews of systemic/historical problems contributing to low compliance. Findings to date reveal that poor or inadequate invoice product descriptions are a root cause of many of the companies' non-compliance. Consequently, they have asked the United States Customs Service for guidance in improving invoice product descriptions.

While it is recognized that no two importers have the same needs, there are still many similarities among importers. Additionally, both importers and Customs agree that improved invoice descriptions, which provide sufficient information necessary to classify imported merchandise, would ultimately assist in raising account and industry compliance.

As mentioned in the *Preface* to this publication, the Customs Modernization Act (the "Mod Act"), established the concepts of "*shared responsibility*" and "*informed compliance*." One of the most significant effects of the Mod Act is the requirement that parties exercise "*reasonable care*" when importing into the United States.

Companies in the Information Technology industry are challenged by rapidly evolving technology, which is highly technical and specialized. New products and new uses for existing technologies are constantly being developed. This constant change requires greater diligence on the part of the importer in order to ensure that reasonable care is demonstrated.

The intent of this publication is to provide basic informed compliance guidance for improving product descriptions by providing: working examples of company business processes/practices; and, questions importers can ask to ensure product descriptions are accurate and complete. Companies that have realized the importance of providing complete and accurate invoice descriptions to Customs graciously agreed to assist in this effort. Their real life examples and willingness to provide assistance to other industry importers is to be commended.

The Customs working group dedicated to delivering this product was lead by the port of San Francisco and included volunteers from various locations and organizational units from across the country. Further, personnel from headquarters (HQ) Office of Field Operations (OFO), Office of Strategic Trade (OST), and Office of Regulations & Rulings (OR&R), including the National Commodity Specialist Division (NCSD) in New York, were involved in review and approval of this publication. In addition, a vital role was provided by representatives from the Information Technology PFI trade community.

## **The Road To Compliance**

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All the importers who provided working examples of their business practices recognize the benefits of compliance and the costs of non-compliance. All were motivated to increase their compliance levels in order to shorten cycle times and therefore save money. They identified invoice descriptions as the root cause of a variety of problems. They have dedicated resources in their respective companies that are assigned to



Customs compliance issues full-time. All have established a process to raise compliance through quality invoicing that begins prior to importation and is the responsibility of the importer.

These processes benefit both the importer and the broker in a variety of ways, including the fact that better invoice information at time of import reduces cycle time and therefore operating costs. Additionally, these processes support companies' efforts/goals to be in compliance with Customs regulations and enable companies to have more control over their import process.

## **Company Procedures**

The following invoicing procedures were provided by five of these companies currently on "the road to compliance."

### **APPLE COMPUTER, INC.**

Apple has written internal procedures on the information that must appear on the invoice; this information is available within the company and is provided to their suppliers. (See [Appendix 2, Example 4, Page 43.](#))

The process in the creation of an invoice description is as follows:

- Corporate documentation inputs a product description into a corporate parts database when product is released to production.
- The product description conforms to a standard; this standard requires that the identification of what the part actually is (generic description) appear first in the description field.
- Purchase orders are released using this description.
- Vendors' invoice descriptions must match the P.O. description.

The parts database is accessible to related suppliers only; only company-authorized personnel are allowed to make changes/additions/deletions to this database. Non-related suppliers cannot access the database.

Apple's Import Department works with the Purchasing Dept. (which is responsible for the vendors) and with the vendors to ensure that vendors understand the ramifications of non-compliance with the invoice requirements. Furthermore, the vendor's overall appraisal is judged in part on their compliance record.

Apple's Customs broker does not have the authorization to edit invoice descriptions in the database. The broker normally does not generate invoices. If a commercial invoice has an insufficient generic description for a non-paperless entry, Apple provides the broker with a generic description to hand-write on the invoice for clarification. Rarely, the broker generates a pro forma invoice with instructions from the Company, based on confirmed facts.

## **INTEL CORPORATION**

### **Related Transactions**

In related transactions for Intel Corporation the greatest influence on invoice content is the database that is maintained by the Product Classification & Research group in Santa Clara. The company has the exclusive ability to enter and maintain invoice descriptions and classifications. The database is accessible worldwide within Intel through the intranet to enable shipping sites to look up classification information and product descriptions for miscellaneous shipments. Users of the database can search by part number, product description, HTSUS number or supplier to retrieve correct invoicing information. The invoice, which includes tariff classification, is fed electronically to the broker who cannot change the information. The broker can produce a paper invoice if required for Customs clearance.

### **Unrelated Transactions**

Unrelated parties do not have access to the database and in practice, Intel believes they are better placed to describe their products. Intel monitors invoice quality and works with Intel purchasing agents as required to address persistent problems with invoice quality. The company also has a procedure (see [Appendix 2, Example 1, Page 38](#)) to follow up directly with suppliers to notify them of unacceptable documentation and to request their help in improving it.

### **Company Procedures**

Intel has standard operating procedures related to invoice content which are distributed worldwide to both related and unrelated parties.

Intel's internal *Customs Operations Procedures* contain various sections related to invoicing requirements and procedures. These sections include "U.S. Invoicing Requirements," "Commercial Invoice Guidelines" and "U.S. Customs Requirements."

*U.S. Invoicing Requirements:* This document identifies the information required on the U.S. import invoices. This includes the standard requirements found in 19 CFR §141.86 and gives examples or detailed information about each of the requirements and how it pertains to Intel shipments. Intel states in the document that they require a fully detailed description of the items shipped, in generic terms, broken out by item and manufacturer. Upon exportation, each article imported into the U.S. is classified by the ten-digit HTSUS number, acquired from the database. The invoice description should be detailed enough to enable both the Intel Customs Dept. and U.S. Customs to determine the appropriate classification. The company then gives several examples of good invoice descriptions for their merchandise.

*Commercial Invoice Guidelines:* This procedure documents the steps to be followed in order to develop a process for ensuring that complete information is included on all commercial invoices accompanying imported goods. It includes instructions for 1) Intel system-generated invoices from overseas manufacturing sites; 2) Intel manual or semi-manual shipping memos for miscellaneous shipments; and 3) Shipments from non-Intel origin sites.

*U.S. Customs Requirements:* This document is designed as a brief guide to current U.S. Customs requirements which need to be followed when shipping any items to a U.S. destination from non-U.S. locations. In addition to listing the critical elements needed on a commercial invoice, it discusses procedures and examples for handling various types of importations including:

- Products requiring FCC and FDA approval
- Hand-carries
- Restricted items
- Personal Goods and Effects

This document also includes sections on Valuation; Corporate Business Principles with regard to Customs and Export compliance; and a list of Intel contacts around the world if there are any questions relating to international Customs matters.

### **SAMSUNG SEMICONDUCTOR, INC.**

In April of 1997, U.S. Customs sent a *Notice of Action* to Samsung Semiconductor informing them that their invoice descriptions did not meet the requirements of 19 CFR 141.86. Samsung had been using an abbreviated description of the product (see [Page 30, Ex. 1b](#)). They worked with their overseas supplier to develop a material master list that includes a complete description containing all necessary information to meet Customs requirements. This master list is contained in a database, and any time a product number is input into the system, the complete product description is automatically printed on the invoice. A limited number of company personnel have the capability of editing and adding products to the system. The information is available to any salesperson, but they can only access the description and cannot make any changes. The broker has no access and no capability of editing the invoice information.

### **SONY ELECTRONICS, INC.**

#### **Classification Support**

Sony Electronics, Inc. (SEL) employs an International Operations department in Long Beach, CA dedicated to handling its imports. Within International Operations, there is a Compliance Team that assigns and maintains product classification, compliance, and product descriptions.

#### **Classification Process**

SEL's mainframe system (IMEX) interfaces with its related Sony overseas vendors. Within IMEX, SEL has a product master database in which finished goods or finished products are registered. Contained in this database are:

- Product Code
- Model Name
- HS Code
- Product description
- Binding Ruling number

- Anti-dumping case number and rate
- Special indicators for quota, visa category number, Toxic Substances Control Act (TSCA), and textile declaration requirements

The Compliance Team strives to classify products one to three months in advance of shipment arrival. The classification process is initiated a number of ways. Generally, the U.S. or overseas Sony business group registers new models in the product master database. The model name and description downloads into IMEX and a Pre-Classification report is generated. In addition, Sony business groups may request a pre-classification decision for a new product. The Compliance Team maintains each model in the IMEX product master with a tariff number, refined U.S. description, and relevant compliance information such as ADD or visa category. This compliance information is retained within the IMEX product master as a permanent record for future shipments.

### **Invoice Process**

SEL strives to describe completely and accurately its products in the IMEX product master and on invoices using the language of the tariff schedule as the basis. This is done so that Customs has as much information as necessary to determine the accuracy of classification.

For imports, the entry information (bill of lading, commercial invoice, and packing list) is electronically transmitted from Sony overseas businesses to SEL through IMEX. SEL downloads the exact information electronically and prints a commercial invoice in the Long Beach International Operations office. When IMEX receives the data, the system will:

- Search the IMEX product master for a match of the model
- Download the compliance information (HTSUS number, description, ADD, Binding Ruling number, etc.) into the entry record
- Print the description and compliance information directly onto the commercial invoice to be presented to Customs
- Print the reporting quantities as required by specific tariff codes
- Download FCC and FDA compliance information from the Sony Tokyo Product Master
- Employ edit checks to flag for invalid tariff numbers, and prints error reports and flags for compliance requirements such as TSCA, ADD, and textile declarations requirements

SEL transmits the entry information via electronic data interface (EDI) to the customs broker for Customs clearance. Upon receipt of the documents and data, SEL's broker will also perform compliance checks before submission to Customs via ABI. Sony and the broker retain the documents for record retention purposes.

### **XILINX**

Over the past five years Xilinx has been striving to improve their invoice quality according to the Customs Regulations. They have established qualifying specifications

in the areas of invoicing and shipping requirements. The company first developed an “Assembly Subcontractor Export, Traffic and Customs Shipping Requirements Checklist” which addresses such areas as requirements, decisions, target dates, start dates, performed by, and remarks. The company sends a “Letter of Invoice Requirements” (see [Appendix 2, Example 2, Page 39](#)) along with a sample invoice to each supplier and a request for signed acknowledgement of the Invoice Requirements letter. The most successful step in the process has been setting up joint meetings with all three parties (supplier, importer and U.S. Customs) to reiterate the Import Regulations. In addition, to make the suppliers aware of compliance problems, Xilinx has established areas of non-compliance for each supplier and assigned the supplier an Invoice Compliance Rating percentage (see [Appendix 2, Example 5, Page 44](#)). This information is shared with the suppliers.

## Summation

The business practices detailed above are just some of the many ways Information Technology industry companies have used to avoid compliance problems. While all are specific to the individual company’s needs, they all share some commonalities. These include:

- Maintenance of internal databases that can be accessed, but not changed, by suppliers or brokers.
- Suppliers are treated as partners in the process and are continually educated and reviewed/audited by the importer.
- Companies have a structured approach to inform the suppliers when invoice problems are found.
- Written procedures have been established to ensure consistency in the event of company personnel changes.
- Continually audit their respective brokers’ documentation on all imports, understanding that the company and not the broker is ultimately responsible for compliance and any resulting penalties, fines, etc.
- Most have product classification addressed on their intranet sites.
- Direct tie to new product development – require proper classification prior to any new product shipments.

These companies’ procedures are provided for illustrative purposes for companies seeking assistance in improving their practices. There are numerous additional and alternative approaches that a company can employ to ensure compliance problems are avoided. However, the road to compliance companies that provided their real life examples in order to help other industry importers on the road to compliance are to be commended.

## Questions Importers Should Ask To Ensure Product Descriptions Are Accurate And Complete

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The following section contains a tiered approach to questions importers can ask to ensure product descriptions are accurate and complete. The first tier states the basics, e.g., general description. The second tier sorts the products into four categories: parts, components, systems, and finished goods. The third tier is the most detailed involving the specific Harmonized Tariff Schedule (HTS) number. The information here is not intended to be exhaustive, but rather is a starting method to trigger further questions that may need to be asked and answered by importers in order to ensure product descriptions are accurate and complete.

### Tier I - General product description

*What are basic designations for all Information Technology products...*

19 CFR §141.86 requires basic information that should appear on every invoice. General product descriptions are a part of this. As a good starting point when developing quality invoice descriptions, you can ask yourself these questions:

*What is the...*

- Model number
- Item name
- Company's internal ID for item (e.g. product code, Information Technology code)
- Part number

### Tier II - Categories

*What questions can I ask to ensure correct categorical classification and description...?*

Taking the requirements in the Customs Regulations a step further, asking and answering the following questions will aid in providing an even more detailed, higher quality invoice description.

#### **Parts:**

*What is the...*

- Type of machine for which it is a part
- Application/use of this machine
- Function of the part
- How the part performs this function
- Use of the part

Whether or not the part is in some type of housing or assembled with something else (e.g. memory expansion boards and PCAs)

### **Components:**

- *What is the...standard industry designation*
- *Whether or not the component is...assembled with anything else*

### **Systems:**

*What is the...*

- Breakdown of what is included/components list
- Designation that the item(s) is/are part of a system
- Function/use of the item(s) and system

### **Finished goods:**

*What is the...*

- Standard industry designation
- Indication of use

Sets/kits - list or break out of the included components (e.g. telephone set with battery and adapter)

### **Tier III - HTS Numbers:**

*What questions can I ask in connection with the specific tariff numbers that comprise the Information Technology PFI...*

The end stage in developing quality invoice descriptions is a final level of detail, specific to classification. Specialists in the Information Technology PFI field have provided the following questions or comments, specific to industry HTS numbers, to help fine-tune this process.

### **Heading 7011**

Glass envelopes (including bulbs and tubes), open, and glass parts thereof, without fittings, for electric lamps, cathode-ray tubes or the like:

**Note: In 2001, several new statistical subheadings have been added to heading 7011.**

Subheading **7011.10** – For electric lighting:

Comment: Items with fittings classifiable elsewhere in the HTS are frequently entered incorrectly in heading **7011**. In particular items with fittings, especially completed glass bulbs with fittings classifiable in heading **8539**, are often entered incorrectly in subheading **7011.10**. Only **empty** glass bulbs **without** fittings are covered by subheading **7011.10**.

Subheading **7011.10** provides for glass envelopes (including bulbs and tubes), open, and glass parts thereof, without fittings...for electric lighting.

Subheading **7011.10.1000** covers empty glass bulbs, without fittings, for incandescent lamps.

Subheading **7011.10.5000** covers empty glass envelopes, open, and glass parts thereof, without fittings, for other electric lighting.

Subheading **7011.20** - For cathode-ray tubes:

- Whether cones, or tubes.
- With or without fittings.
- Monochrome or color.
- Video display diagonal in centimeters CM.
- Transmission level, expressed as percentage.
- Whether data/graphic, video, or other (specify).
- Whether or not item will have a gray, tinted, skirted face-plate.

Subheading **7011.20.1000** covers cones. "Cones" are often invoiced as funnels. The other **7011.20** subheadings cover glass envelopes (and glass parts thereof) for cathode ray tubes other than cones.

Comment: Most of the specifications mentioned in subheading **7011.20.40** refer to the use of the glass envelope after it is completed and placed within a larger item. This provision refers to numerous properties not found in the empty glass envelope itself but related to its application and use after importation. Upon importation, it is impossible for an Import Specialist examining an item entered in subheading **7011.20.40** to know its video display diagonal since the glass envelope has not yet been inserted into a CRT.

Subheading **7011.20.40** is an **actual use** provision. Classification in this provision is dependent on the actual application and use of the product subsequent to importation. The invoice must indicate the intended actual application and use for this item. It is the importer's responsibility to document the precise application of the product and its actual use (i.e., in data and graphic display cathode ray tubes or another use). If the importer fails to prove how the product is actually applied and used after importation, classification in subheading **7011.20.40** will be denied.

As indicated above, subheading **7011.20.4000** is an actual use provision covering the following: monochrome glass envelopes with both

- gray, tinted, skirted faceplates and
  - either a video display diagonal of not more than 35.6 cm or a transmission level of 37 percent or less,
- all of said envelopes certified by the importer as being for actual use in computer data and graphic display cathode ray tubes.

Subheading **7011.20.80** which covers other glass envelopes, open, and glass parts thereof, without fittings, for cathode ray tubes has now been divided into the following subheadings:



Subheadings **7011.20.8010**, **7011.20.8020** and **7011.20.8030** provide for “front panels for cathode-ray television picture tubes including video monitor tubes, color, non-projection.”

Subheading **7011.20.8010** covers these items “with greatest diagonal measurement not exceeding 50 cm.” Subheading **7011.20.8020** provides for these products “with greatest diagonal measurement exceeding 50 cm but not exceeding 67 cm.” Subheading **7011.20.8030** covers “other” items of this type (i.e., with greatest diagonal measurement exceeding 67 cm).

Subheadings **7011.20.8010**, **7011.20.8020** and **7011.20.8030** cover unprocessed glass envelopes (and glass parts thereof without fittings) for “front panels for cathode-ray television picture tubes...” The actual front panel assemblies are covered by subheading **8540.91.15**. See definition for front panel assemblies in **U.S. Note 11** to Chapter **85**.

Products entered in subheadings **7011.20.8010**, **7011.20.8020** and **7011.20.8030** must be used in the manner described in these provisions.

Subheading **7011.20.8040** covers glass envelopes...open, and glass parts thereof, without fittings...for cathode ray tubes: other: other: other (i.e. the glass envelopes and glass parts for cathode ray tubes not covered specifically by the other subheadings discussed above.)

Subheading **7011.90.0000** covers glass envelopes...open, and glass parts thereof without fittings...other (i.e., other than the glass envelopes and parts thereof for electric lighting and for cathode ray tubes covered by subheadings **7011.10** and **7011.20**.)

## Heading 8471

Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included the following. Refer to Chapter 84, Note 5 with regard to definitions and requirements of this heading

Subheading **8471.30** - Portable digital automatic data processing machines

- Whether portable AND digital.
- Whether weight is not more than 10 kg.
- Whether consisting of AT LEAST: a CPU, keyboard and display.

Subheading **8471.41** - Other digital automatic data processing machines

- If CPU and input and output unit are comprised in the same housing.
- If with or without CRT (indicate if CRT is color or not).
- If weight is over 10 kg (22 lbs).

Subheading **8471.49** - Other digital automatic data processing machines, entered in the form of systems. *Refer to Chapter 84, Subheading Note 1 for definition of System.*

- Is this an automatic data processing system as described in Chapter 84, Subheading Note 1?
- What is the function or functions of the system?
- Does the system include at least a central processing unit, one input unit and one output unit?
- Does the central processing unit meet Chapter 84, Note 5 (A)?

Subheading **8471.49.10** - Digital processing units entered with the rest of a system

- Whether containing (in the same housing or not) one or two of: storage units, input units, output units.
- Whether including CRT (indicate if CRT is color or not).

Subheadings **8471.49.15 – 8471.49.48** - Input or output units, entered with the rest of a system

- Indicate type, function, and where and how used.
- If display unit, indicate type of display.
- If LCD, LED, indicate dot (pixel count) and the visual display diagonal measurement.
- If CRT, indicate if color or not.
- If printer unit, indicate type of printer mechanism the machine uses (e.g., laser, ink jet, thermal transfer, etc.)
- If laser printer, indicate whether capable of producing more than 20 pages per minute.

Subheading **8471.49.50** - Storage Units, entered with the rest of the system

- Description of the type of storage unit (i.e. floppy disc drive, hard disc drive, tape drive, CD-ROM drive, DVD drive, etc.)
- The disc diameter size of the unit.

Subheading **8471.49.70** - Power Supplies

Describe function and use of power supplies. (Power supplies that are not imported as part of a system are classified in heading 8504.)

Subheadings **8471.49.85-8571.49.95**

Indicate if freestanding or suitable for incorporation into an ADP machine.

Subheading **8471.50** - Digital processing units, other than those of 8471.41 and 8471.49

- Whether portable, desktop, or mainframe, or the motherboard only for the processor unit.

- Describe any additional components or units included with the processor, and:
- Indicate whether unit contains Memory (cache or RAM), CPU, BIOS
- Whether containing (in the same housing or not) one or two of:
  - Storage units,
  - Input units,
  - Output units,
- Whether including CRT (indicate if CRT is color or not).

**Subheading 8471.60 – Input or output units**

- What is its principal use?
- Indicate type, function, and where and how used.
- Indicate if freestanding or suitable for incorporation into an ADP machine.
- Whether including CRT or not (indicate if CRT is color or not).
- If a keyboard, can it connect to an ADP machine - indicate the ultimate use.
- If a display unit, indicate the type of display.
- If LCD, LED, EL, indicate dot (pixel) count and configuration, the visual display diagonal measurement, and whether VGA, SVGA, XGA, etc.
- If CRT, indicate if color or not.
- If a printer, indicate type of printer mechanism the machine uses (e.g. laser, ink jet, thermal transfer, etc.)
- If laser printer, indicate whether capable of producing more than 20 pages per minute.
- If other than for ADP applications, is it capable of connection to a digital processing unit?

**Subheading 8471.70 – Storage units**

- Description of type of storage unit (e.g. floppy disc drive, hard disc drive, tape drive, etc.).
- Description of the function and where and how used.
- Whether freestanding units or units designed for physical incorporation within ADP machines.
- The disc diameter size of the unit.

**Subheadings 8471.80 – 90 – Other units of ADP machines**

- Detailed description of the device or machine.
- State specific function, and where and how used (i.e. LAN, WAN)

**Heading 8473**

Parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with machines of headings 8469 to 8472

*With regard to parts, refer to Section XVI, Note 2.*

- Identify for what machine it is a part.

- State specific function, and where and how used, and whether shaped to fit into a specific machine.
- If Printed Circuit Assemblies, indicate the following information:
  - State the function of the PCA and indicate the kind of components that are included.
  - Whether containing Memory, CPU, BIOS.

## Heading 8504

Electrical transformers, static converters (for example, rectifiers) and inductors; parts thereof:

### Subheadings **8504.21 – 8504.34** - Electrical Transformers

- Indicate the type of transformer (power, radio, pulse, impedance, etc.) or whether the item is a “part” of a transformer (if it’s a “part” of a transformer, state the type of “part”).
- Indicate if the transformer is Rated or Unrated.
- Provide the transformer’s power handling capacity (VA, KVA, volts, amps, watts, etc.).

### Subheading **8504.40** - Static Converters

- Indicate the type of converter (inductors, speed drive controllers, power supply for ADP, converters for telecommunication apparatus, rectifiers, and inverters, etc.) or whether the item is a “part” of a static converter or another type of inductor (if it’s a “part” of a static converter or another type of inductor, state the type of “part”).
- Indicate the type of operation (AC to DC, DC to AC, AC to AC, DC to DC).
- Show the power output in Watts or HP.
- Indicate type of service (power supplies for ADP or other device, welding, electroplating, etc.).
- Indicate if it is a stand-alone device or a part and describe what it is a part of (power supply for ADP, for Printed circuit assembly, etc.).

## Heading 8506

Primary cells and primary batteries; parts thereof

- What is the type of battery?, e.g., manganese dioxide (alkaline), mercuric oxide, etc.
- For mercuric oxide and silver oxide batteries – What is the external volume in cm?
- For parts under subheading 8506.90.00 – What is the part?

## Heading 8507

Electric storage batteries: parts thereof

- What is the type of battery?, e.g. lead acid, nickel-cadmium, etc. Is it rechargeable?
- Where/how is the battery used?
- For subheading **8507.10** – Is it used to start a piston engine?
- For subheadings **8507.20, 8507.30, 8507.40, 8507.80** – Is it used with electrically powered vehicles of subheading **8703.90**?

- For parts under subheadings **8507.90.40** and **8507.90.80** – What is the part, and what type of battery is it used in?

## Heading 8517

Electrical apparatus for line telephony or line telegraphy, including line telephone sets with cordless handsets and telecommunication apparatus for carrier-current line systems or for digital line systems; videophones; parts thereof

### Subheadings **8517.11 – 19** – Telephone sets

- Whether cordless or corded.
- Whether single or multiple line.
- Special features such as memory, redial, answering machine, etc.

### Subheading **8517.30** - Telephonic/telegraphic switching apparatus

- Type of switching apparatus (Central office, PBX, ECTS, etc.)
- Number of non-blocking ports.

### Subheading **8517.50** – Other apparatus, for carrier-current line systems or for digital line systems

- Trade name shown on the article.
- If it is a modem, is it used with an ADP machine of heading 8471? If not, indicate where used.
- If it is not a modem, indicate whether telephonic or telegraphic.
- If telephonic, indicate if used for carrier-current line system, or digital line system.

### Subheading **8517.80** – Other apparatus

- Trade name shown on the article.
- Whether telephonic or telegraphic.
- Where it will be used.

### Subheading **8517.90** – Parts

- Trade name of the part.
- Whether printed circuit assembly (PCA), subassembly incorporating a PCA, or other (specify).
- Where it will be used, i.e. for telephone set, switching apparatus, modem, other (specify).

## Heading 8518

Microphones and stands therefor; loudspeakers, whether or not mounted in their enclosures; headphones, earphones and combined microphone/speaker sets; audio-frequency electric amplifiers; electric sound amplifier sets; parts thereof

### Subheading **8518.30.10** – Line telephone handsets

### Subheading **8518.40.10** - Audio-frequency electric amplifiers; for use as repeaters in line telephony

- Indicate trade name shown on the article.

Subheadings **8518.90.20 – 40** – Parts

- Trade name of the part.
- Whether printed circuit assembly (PCA), or other (specify).
- Where it will be used, i.e. for line telephone handset, line telephone repeater, other (specify).

**Heading 8520**

Magnetic tape recorders and other sound recording apparatus, whether or not incorporating a sound reproducing device

Subheading **8520.20** – Telephone answering machines

- Indicate whether it has both recording and playback capabilities.
- Does it operate in conjunction with telephone? (cannot form a integral part of the telephone)
- Does it only have playback capability?

**Heading 8522**

Parts and accessories suitable for use solely or principally with the apparatus of headings 8519 to 8521

Subheadings **8522.90.45-55** – Parts and accessories of telephone answering machines

- Trade name of part.
- Whether printed circuit assembly (PCA), magnetic recording head, or other (specify).

**Heading 8525**

Transmission apparatus for radiotelephony, radiotelegraphy, radiobroadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras; still image video cameras or other video camera recorders

Subheading **8525.10** – Transmission apparatus

- Trade name of item.
- Whether used for television, audible radiobroadcast, data, or other (specify).
- If a transmitter, indicate its transmitting frequency range.

Subheading **8525.20** – Transmission apparatus incorporating reception apparatus

- Trade name of item.
- Whether transceiver (half-duplex) or other (full-duplex). Does it conform to Additional U.S. Note 3 to Chapter 85?
- If a transceiver, indicate its frequency range.

- If a transceiver, indicate whether it is hand-held or not hand-held.
- If a cellular phone, indicate whether it is portable, transportable , or mobile.
- If a cellular phone, indicate its weight.

### **Heading 8527**

Reception apparatus for radiotelephony, radiotelegraphy or radiobroadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock

Subheading **8527.90** – Other [reception] apparatus

- Indicate type and describe as follows:
- If a radio paging device, indicate whether messaging capabilities or vibrating signal only.
- Show operating frequency.
- If other than a paging device, describe type of reception device by trade name and use.

### **Heading 8528**

Reception apparatus for television, whether or not incorporating radiobroadcast receivers or sound or video recording or reproducing apparatus; video monitors and video projectors

Subheadings **8528.12 - 8528.30** – Television receivers

- Indicate type of receiver: television, video monitor or video projector.
- How used - broadcast TV, video monitor, or video projector
- Whether high definition or non-high definition.
- Whether color or black and white.
- Indicate the screen diagonal measurement in CM's.
- Whether the unit uses a picture tube, or flat-panel display (specify type, i.e. LCD, EL, Gas Plasma).
- Whether the television receiver is direct view or projection type.
- Whether combined with another device (radio, video recorder, etc.) .

### **Heading 8529**

Parts suitable for use solely or principally with the apparatus of headings **8525** to **8528**

Subheadings **8529.10 – 8529.90** - Parts...of headings **8525** to **8528**

- Trade name of item.
- Where specifically used - transmitter, transceiver, cell phone, television, pager, other (specify).
- Whether it is a printed circuit assembly (PCA), housing, subassembly, other (specify).
- If a subassembly, identify its components and indicate how used.

## Heading 8531

Electric sound or visual signaling apparatus (for example, bells, sirens, indicator panels, burglar or fire alarms), other than those of heading **8512** or **8530**; parts thereof

Subheading **8531.20** – Indicator panels incorporating liquid crystal devices (LCD's) or light emitting diodes (LED'S)

- Whether LCD or LED
- Whether graphic or character only.
- If character only, total character display capability.
- Dot dimensions, (i.e. 60x32), or line/character dimensions (i.e. 4x32)
- Where it will be used.

Subheading **8531.80.40** – Paging alert devices

- Indicate whether or not it has a LCD or other display.
- If it has a display, indicate whether it is numeric only or has messaging capabilities.
- If no display, indicate how it functions, i.e. vibration, beeping.

## Heading 8532

Capacitors

- Indicate whether the capacitor is fixed, variable, adjustable (pre-set) or whether the item is a "part" of a capacitor (if it's a "part" of a capacitor, state the type of "part").
- If it's a fixed capacitor,
- Indicate the hertz (Hz) of the circuits and state the reactive handling power in kilovolt-amperes reactive (kvar).
- Indicate if tantalum and state if it's in a metal case or dipped and whether it's designed for surface mounting, or
- Indicate if aluminum electrolytic and state diameter measured in millimeters (mm), or
- Indicate if ceramic dielectric, state if single or multi-layer, and if it's a chip or if it's a capacitor containing axial or radial leads, or
- Indicate if dielectric of paper or plastic and it's alternating current (AC) service in volts (V), state if leadless and whether designed for surface mounting, and if it's a capacitor containing axial, radial, or other type leads, or
- Indicate if mica dielectric or a type other than those stated above.
- If it's a variable or adjustable (pre-set) capacitor,
- Indicate if mica, or
- Ceramic dielectric, or
- Glass dielectric, or
- Other.

## Heading 8533

Resistors

- Indicate if it's a fixed or variable resistor, or whether the item is a "part" for a resistor (if it's a "part" of a resistor, state the type of "part").
- If it's a fixed carbon resistor, indicate
  - If it was designed for surface mounting and the number of terminals it contains.



- If not designed for surface mounting, how many leads does it have?
- Indicate if this fixed carbon resistor is of a carbon composition or carbon film type.
- If it's a fixed resistor other than carbon, indicate
  - Its power handling capacity.
  - Whether it was designed for surface mounting, the number of terminals, and if it's in a dual-in-line package, flat resistor chips, or other.
  - If not designed for surface mounting, how many leads does it contain and is the resistor, in a single or dual-in-line package, wirewound, or other.
- If it's a variable resistor, indicate
  - If it's wirewound, its power handling capacity, and if it's a dimmer type (state if it's rheostat or potentiometer).
  - If it's not a wirewound variable resistor, indicate if it's a metal oxide varistor, a rheostat or resistor type motor starter/controller, or other resistor of cermet, metal glaze, or other.

### Heading 8534

#### Printed circuits

- Composition of the base (plastic, glass, paper).
- Number of layers of conducting materials.
- What components are on the board, if any. (note: should be unpopulated board)

### Heading 8535

Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits, for a voltage exceeding 1,000 V

Subheading **8535.10** – Should describe as a fuse and indicate voltage

Subheadings **8535.21** and **8535.29** – Should describe as an automatic circuit breaker. What is voltage?

Subheading **8535.30** – Should describe as either isolating or make/break switch and indicate voltage

Subheading **8535.40** – Should describe as either lightning arrester, voltage limiter, surge suppressor and indicate voltage

Subheading **8535.90.40** – Should describe as either a motor starter or motor overload protector and indicate voltage

Subheading **8535.90.80** – Should describe as some type of connector and indicate voltage

### Heading 8536

Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits, for a voltage not exceeding 1,000 V

Subheading **8536.10** – Should describe as a fuse and indicate voltage

Subheading **8536.20** – Should describe as an automatic circuit breaker and indicate voltage

Subheading **8536.30.40** – Should describe as a motor overload protector and indicate voltage

Subheading **8536.30.80** – Should contain specific description of what item is and indicate voltage. It must be an apparatus for protecting electrical circuits.

Subheading **8536.41** – Should describe as a relay and provide voltage rating. It cannot exceed 60V.

Subheading **8536.49** – Should describe as a relay and provide voltage rating. It must exceed 60V.

Subheading **8536.50.40** – Should describe as a motor starter and indicate voltage

Subheading **8536.50.70** – Should describe as one of the specific types of switches listed in subheading and indicate voltage

Subheading **8536.50.90** – Should describe as a switch

Subheading **8536.61** – Should describe as a lamp holder (lamp socket) and indicate voltage

Subheading **8536.69.40** – Should describe as one of the specific types of connectors listed in the subheading and indicate voltage

Subheading **8536.69.80** – Should describe as some type of connector (plug/socket) and indicate voltage

Subheading **8536.90.40** – Should describe as one of the specific items listed in the subheading and indicate voltage

Subheading **8536.90.80** – Should describe by name and indicate voltage. It must be an apparatus for making a connection in an electrical circuit that is not provided for in subheadings 8536.61 through 8536.90.40, inclusive.

## Heading 8537

Boards, panels, consoles, desks, cabinets and other bases, equipped with two or more of the apparatus of heading 8535 or 8536, for electric control or the distribution of electricity, including those incorporating instruments or apparatus of Chapter 90, and numerical control apparatus, other than switching apparatus of heading 8517

Subheadings **8537.10.30** through **8537.10.90** cover various apparatus that do not exceed 1,000 volts. Therefore, classification under one of these subheadings requires an indication as to voltage.

Subheading **8537.10.30** – Should describe what the item is and how it is used with respect to headings 8421, 8422, 8540 or 8516.

Subheading **8537.10.60** – Should describe item as a motor control center

Subheading **8537.10.90** - Should describe item in detail, including physical characteristics

Subheading **8537.20** covers the apparatus described in heading 8537 that exceeds 1,000 volts. Invoice should describe item in detail, including physical characteristics and voltage.

### **Heading 8538**

Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537

Subheading **8538.10** – Should specifically describe physical construction of item

Subheading **8538.90.10** – Must be a printed circuit assembly. Must also be a part used in an 8537 apparatus. End use must be stated.

Subheading **8538.90.30** – Must be a printed circuit assembly

Subheading **8538.90.40** – Should describe part, including whether ceramic or metallic

Subheading **8538.90.60** – Must be a molded part. Should be identified by name and use

Subheading **8538.90.80** – Should describe part and where used

### **Heading 8540**

Thermionic, cold cathode or photocathode tubes (for example, vacuum or vapor or gas filled tubes, mercury arc rectifying tubes, cathode-ray tubes, television camera tubes); parts thereof

- How used – broadcast TV, video monitor, data/graphic displays.
- Whether color or black and white/monochrome.
- Whether high definition or non-high definition.
- Video display diagonal in centimeters.
- If data/graphic display, indicate the phosphor dot screen pitch in millimeters.

## Heading 8541

### Discrete Semiconductors

- If it's a mounted piezo electric crystal, indicate
- If it's quartz, and
- The operating frequency it was designed for in kilohertz (kHz)
- If it's a part of a semiconductor device, Indicate the type of device (diode, transistor, thyristor, photosensitive semiconductor), or whether the item is a "part" of a discrete semiconductor (if it's a "part" of a discrete semiconductor, state the type of "part").
- If it's a diode, other than photosensitive or light-emitting diodes, indicate
  - If it is in the form of an unmounted chip, dice, wafer, or
  - If it is a zener or microwave diode, or
  - If it's other than a zener or microwave diode, state the maximum current measured in Amps (A).
- If it's a transistor, other than a photosensitive transistor, indicate
  - Its dissipation rate measured in Watts (W).
  - If it is in the form of an unmounted chip, dice, wafer, or other
  - If it is other, indicate what it is, and
  - State its operating frequency measured in megahertz (MHz).
- If it's a thyristor, diac, or triac, other than photosensitive devices, indicate
  - Which device it is, and
  - If it is in the form of an unmounted chip, dice, wafer, or other
- If its form is other than an unmounted chip, dice, or wafer, what it is.
- If it's a photosensitive semiconductor device, indicate
- If it is a light-emitting diode (LED) including a laser diode, or  
If it's photosensitive diode, other than an LED, indicate
  - If it's in the form of an unmounted chip, dice, wafer, or other
  - If its form is other than an unmounted chip, dice, or wafer,
    - State what form it's in,
    - Indicate whether it contains a solar cell(s) or not,
- If it does contain a solar cell(s), indicate if it/they are assembled into modules, made up into panels, or other (state what other is).
- If it's a photosensitive transistor, indicate
  - If it's in the form of an unmounted chip, dice, wafer, or other.
  - If its form is other than an unmounted chip, dice, or wafer,
    - State the form that it is in.
- If it's another type of photosensitive semiconductor device, other than an LED or photosensitive diode or transistor, state whether it's an optical coupled isolator or not.
- If it's other than an optical coupled isolator, specify what it is.
- If it's any other type of semiconductor device other than those already mentioned, indicate
  - What it is, and
  - If it's in the for of an unmounted chip, dice, wafer, or other
  - If its form is other than an unmounted chip, dice, or wafer,
    - State the form that it is in.

- If the part has any circuits or devices on them, notate such and state what they are.
- If the part is in the form of a chip, die, or wafer, notate such and which one it is.

### **Heading 8542**

Electronic integrated circuits and microassemblies; parts thereof

- Trade name of item.
- Whether monolithic or hybrid.
- Type of integrated circuit (memory, microprocessor, etc.)
- Type of technology (MOS, Bipolar, etc.)
- Capacity (bits) or operating frequency (MHz)

### **Heading 8543**

Electrical machines and apparatus, having individual functions, not specified or included elsewhere in this chapter; parts thereof

Subheading **8543.89.60** – Articles (not included elsewhere in Chapter 85) designed for connection to telegraphic or telephone apparatus or instruments or to telegraphic or telephonic networks

- Trade name of item.
- What specific apparatus or instruments does it connect to?

### **Heading 8544**

Insulated (including enameled or anodized) wire, cable (including coaxial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fiber cables, made up of individually sheathed fibers, whether or not assembled with electric conductors or fitted with connectors

Subheadings **8544.20, 8544.41.40 – 8544.59.40, 8544.70** – Cable and other insulated electric conductors...optical fiber cables

- Trade name of item.
- Where and how it is used.
- Voltage rating.
- Whether it is fitted with connectors

### **Heading 8546**

Electric insulators of any material

Subheading **8546.10** – Should describe as an insulator and indicate that it is of glass

Subheading **8546.20** – Should describe as an insulator and indicate that it is of ceramic.

Subheading **8546.90** – Should describe as an insulator and indicate material composition.

## Heading 8547

Insulating fittings for electrical machines, appliances or equipment, being fittings wholly of insulating material apart from any minor components of metal incorporated during molding solely for the purposes of assembly, other than insulators of heading 8546; electrical conduit tubing and joints thereof, of base metal lined with insulating material.

Subheading **8547.10.40** – Should describe as ceramic and indicate that it is for use in spark plugs for natural gas, stationary, internal combustion engines.

Subheading **8547.10.80** – Should describe as ceramic and indicate use.

Subheading **8547.20** – Should describe as plastic.

Subheading **8547.90** – Should not be described as ceramic or plastic. If electrical conduit tubing, should indicate that it is insulated.

## Heading 8802

Other aircraft (for example, helicopters, airplanes); spacecraft (including satellites) and suborbital and spacecraft launch vehicles

Subheading **8802.60.30** – Information Technology satellites

- Indicate where it will be used (self-explanatory - must be used in transmitting Information Technology data.)

## Heading 8803

Parts of goods of heading 8801 or 8802

Subheading **8803.90.30** – Parts of Information Technology satellites

- Trade name shown on the article.
- Where it will be used (self-explanatory - must be used in a Information Technology satellite.)

## Heading 9001

Optical fibers and optical fiber bundles; optical fiber cables other than those of heading 8544; sheets and plates of polarizing material; lenses (including contact lenses), prisms, mirrors and other optical elements, of any material, unmounted, other than such elements of glass not optically worked

Subheading **9001.10.00** - Optical fibers, Optical fiber bundles and cables

- The material composition (e.g. plastic, or other material).
- If optical fiber, specify the function and use (e.g. transmission of voice, data or video communication, or other).
- If optical fiber cable or bundle, specify whether the fibers are individually sheathed.

## Heading 9013

Liquid crystal devices not constituting articles provided for more specifically in other headings; lasers, other than laser diodes; other optical appliances and instruments, not specified or included elsewhere in this chapter; parts and accessories thereof

Subheading **9013.80** – Other devices, appliances and instruments

- *Questions...*
- Is the device a glass sandwich (glass cell) consisting of the two pieces of glass with the liquid crystal material injected between the pieces of glass? This is also referred to as a liquid crystal display.
- Is the device a liquid crystal display module containing the drive electronics at the time of importation?
- Indicate the pixel configuration (if a graphic display), or the character/line dimensions (if a character display).
- Indicate where and how the device will be used..

## Summation

All of the information detailed above should be taken together when considering product descriptions. While these are by no means exhaustive, the ability to answer all questions, Tier I down through Tier III, will ensure that the invoice description which you've developed is of the highest quality possible and will be sufficient to classify merchandise in the Information Technology PFI.

## Incentives and Measures for Improvement

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The lists below, compiled with input from trade representatives, provide examples of what specifically are considered benefits of compliance and costs of non-compliance. These lists plainly illustrate how improving compliance clearly has certain benefits and how maintaining non-compliance has particular unnecessary costs. If importers choose to continue to submit poor or inadequate invoice descriptions that negatively impact their compliance, there are costs associated with that decision. If importers determine poor or inadequate invoice descriptions are the root cause of their non-compliance, as is the case of those importers who requested assistance, change has to occur, improvements need to be made.

In addition, all problem solving initiatives (interventions) in the Information Technology industry whether specific to a particular harmonized tariff number, operating environment (e.g., express consignment operators), or account, will include a component that determines the root cause of the non-compliance and addresses the problem. Consequently, if poor or inadequate invoice descriptions are the root cause of the non-compliance, solutions will be devised to fix the problem. All of these initiatives, including this guide, will incorporate a measurement component in order to determine impact and level of improvement.

## **Benefits of Compliance:**

- improved cycle times
- decreased entry exams
- decreased storage costs
- decreased CF28's, CF29's, and other requests from US Customs
- increased compliance rate
- increased chances of uniformity
- potential avoidance of enforced compliance
- decreased detentions, seizures, and penalties for admissibility issues
- decrease in number and amount of penalties, liquidated damages
- demonstration of reasonable care
- potential decrease in number of protests, supplemental information letters, supplemental duty letters/payments, and prior disclosures.

## **Costs of Non-Compliance:**

- increased entry exams & increased entry exam processing time
- increased detentions, seizures, penalties, and liquidated damages for admissibility issues (i.e. IPR, OGA)
- increased CF 28's
- increased administrative and/or legal costs resulting from Customs-initiated actions
- delays in receipt of just-in-time inventory and increased production line downtime
- contract penalties and/or cancellations
- unknown landed costs due to duty rate changes, interest assessments
- increased chances of non-uniformity and potential improper duty assessment
- decreased compliance rates
- live entries and sanctions
- potential nonconformance with other government agency requirements
- demonstrates lack of reasonable care
- potential increase in number of protests, supplemental information letters, supplemental duty letters/payments, and prior disclosures

## **Summation**

As no two importers are alike, not all companies will experience the same benefits of compliance and costs of non-compliance. Just a sampling of these potential benefits and costs was provided above. Company self-assessment may provide greater insight as to how compliance and non-compliance will specifically affect your company.



## Shared Responsibility

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Two new concepts that emerge from the Mod Act are “***informed compliance***” and “***shared responsibility***,” which are premised on the idea that in order to maximize voluntary compliance with Customs laws and regulations, the trade community needs to be clearly and completely informed of its legal obligations. Accordingly, the Mod Act imposes a greater obligation on Customs to provide the public with improved information concerning the trade community's rights and responsibilities under the Customs and related laws. In addition, both the trade and Customs share responsibility for carrying out these requirements. The Mod Act shifted responsibility to the importer of record, who must use “***reasonable care***,” to enter, classify and determine the value of imported merchandise and to provide any other information necessary to enable Customs to properly assess duties, collect accurate statistics, and determine whether other applicable legal requirements, if any, have been met. The Customs Service is then responsible for fixing the final classification and value of the merchandise. An importer of record's failure to exercise reasonable care could delay release of the merchandise and, in some cases, could result in the imposition of penalties.

The intent of this publication is to provide guidance in an informed compliance environment for improving product descriptions, both by providing examples and by providing details. Further information and assistance is available if desired.

## **Appendix 1**

### **Samples of Quality Invoice Product Descriptions and Samples of Insufficient Invoice Product Descriptions**

What follows are samples of actual quality invoice product descriptions, provided by road to compliance companies. Only sensitive details have been changed. Each quality invoice is followed by a fictitious sample of the same invoice with an insufficient product description. They can be compared and contrasted with the quality invoice samples that precede them.

## Example 1a: Quality invoice product description

### COMMERCIAL INVOICE



<b>(1) Shipper/Exporter</b>  SAMSUNG ELECTRONICS CO., LTD SAMSUNG MAIN BLDG., 250 2-KA, TAEPYUNG-RO CHUNG-KU, SEOUL, KOREA		<b>(8) No. and Date of Invoice</b>  US123456789      Thursday, Oct 22, 1998	
<b>(2) For Account and Risk of Messers</b>  SAMSUNG SEMICONDUCTOR INC. 3655 NORTH FIRST STREET SAN JOSE, CA 95134-1713, U.S.A.		<b>(9) No. and Date of L/C</b>  LCUS 987654321      Saturday, Sep 26, 1998	
<b>(3) Notify Party</b>		<b>(10) L/C issuing Bank</b>  ABC INTERNATIONAL BANK	
<b>(4) Port of Loading</b> KIMPO KOREA		<b>(5) Final Destination</b> SAN FRANCISCO CA	
<b>(6) Carrier</b> AIRCRAFT		<b>(7) Sailing on or about</b> THURSDAY, OCT 22, 1998	
<b>(12) Marks and Numbers of PKGS</b> S.E.C. SAN FRANCISCO CA C/T NO. 1 -- 13 MADE IN KOREA		<b>(11) Remarks</b>  * FREIGHT PREPAID	
<b>(13) Description of Goods</b>	<b>(14) Quantity</b>	<b>(15) Unit-Price</b>	<b>(16) Amount</b>
MEMORY I. C.		CFR SAN FRANCISCO CA	
(64 M DRAM)			
KM44V16004BK-6TE	XXXX PCS	USD XXXX	USD XXXX
KM44V16004BK-6TE	XXXX PCS	USD XXXX	USD XXXX
( MEM MODULE DRAM)			
KMM53632000BK-6 64MB SIMM 32MX36 0060 NS XXXPCS		USD XXXX	USD XXXX
( MEM MODULE SYNC )			
KMM366S424BTL-GO 32MB DIMM 4MX64 0010 NS XXX PCS		USD XXXX	USD XXXX
****TOTAL:	XXXXX PCS		USD XXXXXX
*****			

**COMPARE INVOICE DESCRIPTIONS ON EXHIBIT 1-A WITH EXHIBIT 1-B**

## Example 1b: Insufficient invoice product description

### COMMERCIAL INVOICE



<b>(1) Shipper/Exporter</b>  SAMSUNG ELECTRONICS CO., LTD SAMSUNG MAIN BLDG., 250 2-KA, TAEPYUNG-RO CHUNG-KU, SEOUL, KOREA		<b>(8) No. and Date of Invoice</b>  US123456666      Tuesday, Apr 01, 1997	
<b>(2) For Account and Risk of Messers</b>  SAMSUNG SEMICONDUCTOR INC. 3655 NORTH FIRST STREET SAN JOSE, CA 95134-1713, U.S.A.		<b>(9) No. and Date of L/C</b>  LCUS 987654000      Friday, Apr 28, 1997	
<b>(3) Notify Party</b>		<b>(10) L/C issuing Bank</b>  ABC INTERNATIONAL BANK	
<b>(4) Port of Loading</b> KIMPO KOREA		<b>(5) Final Destination</b> SAN FRANCISCO CA	
<b>(6) Carrier</b> AIRCRAFT		<b>(7) Sailing on or about</b> Tuesday, Apr 01, 1997	
<b>(12) Marks and Numbers of PKGS</b> S.E.C. SAN FRANCISCO CA C/T NO. 1 -- 59 MADE IN KOREA		<b>(11) Remarks</b>  • FREIGHT PREPAID • P/O NO.	
<b>(13) Description of Goods</b>  SEMICONDUCTORS	<b>(14) Quantity</b>	<b>(15) Unit-Price</b> CFR SAN FRANCISCO CA	<b>(16) Amount</b>
( 16M DMODULE ) KMM5324104BK-6U	XXXX PCS	USD XXXX	USD XXXX
( 16M SDMODULE ) KMM366S104BTN-G2	XXXX PCS	USD XXXX	USD XXXX
KMM366S114AT-G2	XXXX PCS	USD XXXX	USD XXXX
KMM366S203BTN-GS	XXXX PCS	USD XXXX	USD XXXX
KMM366S403BTN-G2	XXXX PCS	USD XXXX	USD XXXX
****TOTAL:	xxxxx PCS		USD xxxxxx

\*\*\*\*\*

### ORIGINAL INVOICE DESCRIPTIONS

### Example 2a: Quality invoice product description

1 Main Street

Anytown, CA 95110, U.S.A.

# COMMERCIAL INVOICE

SHIP DATE: 1-Apr-98

INVOICE NO: XYZ001

**PO NO:** XXJ20000

**BILL/SOLD TO:** Semiconductors R Us

**ATTN:** Accounts Payable

**ADDRESS:** 2000 Semi Drive

SHIP TO: Semiconductors R Us/Shippers Int'l

**ATTN:** Receiving Departments

**ADDRESS:** 500 Airport Rd

IRS # 11-012345678

**CITY/STATE:** San Jose, CA 95000

**CITY/STATE:** South San Francisco, CA 94080

**COUNTRY:** U.S.A.

**COUNTRY:** U.S.A.

<b>Terms of Sale</b>	<b>Mode of Transportation</b>	<b>Ship Via</b>	<b>Freight Terms</b>	<b>Total Pieces</b>	<b>Weight</b>
FCA Origin Airport	Airfreight	Shippers Int'l	Collect	2 Cartons	75 KGS.
<b>Port of Loading</b>	<b>Port of Unloading</b>	<b>Flight No.</b>	<b>MAWB No.</b>	<b>HAWB No.</b>	
Taipei, Taiwan	San Francisco, CA	SQ004/01 Apr	217-40800505	4875356	

ITEM	Part # (Device/ Mask)	DESCRIPTION	COUNTRY OF ASSEMBLY	COUNTRY OF DIFFUSION	HTS NO OF EXPORTING COUNTRY	USA TARIFF NO. (HTS)	EXPORT LICENSE	QTY:	UNIT \$	TOTAL \$
1	XX7000	EPLD/CPLD Integrated Circuits (I/C), Mask #2080-01, Package:44L - PLCC, Lot No: 1086465  <b><u>Cost Breakdown:</u></b> <b>Assembly Cost</b> <b>Tube</b> <b>*Consigned Materials - IC Die</b>  *The items mentioned above are shipped at no commercial value. Price quoted is for Customs purpose only.	Taiwan	Taiwan	8542.11.	8542.11.8072		5000	See Below	See Below
								5049	0.42	2120.58
								200	0.30	60.00
								5049	5.00	25245.00
							TOTAL QUANTITY SHIPPED: VALUE FOR CUSTOMS PURPOSE/GRAND TOTAL :	5049		\$25,305.00 \$2,180.58
							<b>BILLING TOTAL:</b>			

# COMMERCIAL INVOICE

SHIP DATE: 1-Apr-98  
INVOICE NO: XYZ001  
PO NO: XXJ20000

**SHIP TO:** Semiconductors R Us/Shippers Int'l  
**ATTN:** Receiving Departments  
**ADDRESS:** 500 Airport Rd  
 IRS # 11-012345678  
**CITY/STATE:** South San Francisco, CA 94080  
**COUNTRY:** U.S.A.

ITEM	Part # (Device/ Mask)	DESCRIPTION	COUNTRY OF ASSEMBLY	COUNTRY OF DIFFUSION	HTS NO OF EXPORTING COUNTRY	USA TARIFF NO. (HTS)	EXPORT LICENSE	QTY:	UNIT \$	TOTAL \$
1	XX7000	Integrated Circuits  Package:44L - PLCC, Lot No: 1086465  <b><u>Cost Breakdown:</u></b> <b>Assembly Cost</b> <b>Tube</b> <b>*Consigned Materials - IC Die</b>  *The items mentioned above are shipped at no commercial value. Price quoted is for Customs purpose only.	Taiwan	Taiwan	8542.11.	8542.11.8072		5000	See Below	See Below
								5049	0.42	2120.58
								200	0.30	60.00
								5049	5.00	25245.00
							<b>TOTAL QUANTITY SHIPPED:</b> <b>VALUE FOR CUSTOMS PURPOSE/GRAND TOTAL :</b> <b>BILLING TOTAL:</b>	5049		\$25,305.00 \$2,180.58

### Example 3a: Quality invoice product description

0001 XYZ CORP. (111111) PAGE 1 of 3  
123 SUSHI ROAD  
WASABE DISTRICT TOKYO, JAPAN

FAX :  
TELEX :  
TEL :

#### INVOICE/ PACKING LIST

FOR ACCOUNT AND RISK OF (IMPORTER):  
ABC CORP.  
123 MAIN STREET  
ANY TOWN, U.S.A

INVOICE : PLUM  
MASTER BILL : 001-63324833  
HOUSE BILL : NEC56676406  
INVOICE DATE : 10/01/98  
METH OF SHIP : AIR  
CARRIER : AMERICAN AIRLINES  
VESSEL : AMERICAN AIRLINES  
VOYAGE/FLIGHT : AA8267/24  
ETD DATE : 09/24/98  
ETA DATE : 09/24/98  
FOLDER NBR : 9809-38522  
MARKS :

FINAL DESTINATION: XXX  
ABC CORP.  
123 MAIN STREETE  
ANY TOWN, U.S.A.

PORT OF EXPORT : TOKYO, JAPAN  
PORT OF CLEAR : SAN FRANCISCO-AIR  
VIA :

S/C	DESC. OF GOODS	QUANTITY UNIT	UNIT PRICE	AMOUNT(USD)
-----	----------------	---------------	------------	-------------

#### GENERAL MERCHADISE

COUNTRY OF ORIGIN : JAPAN

PLUM	15011500	1 PCS	100.00	100.00
	20 INCH HIGH DEFINITION TRINITRON COLOR VIDEO MONITOR W/O TUNER CRT44CM (16:9) NON-PROJECTION			
	H.S. CODE	: 8528.21.4900	RATE: 5.00	
	UNITS OF MEASURE: NO.		1.000000	
	FCC	: 01 AGX11123	FDA : B 8726630	

COUNTRY OF ORIGIN : SWITZERLAND

PLUM	42641900	1 PCS	100.00	100.00
	3.5" INTERNAL MAGNETIC MICRO FLOPPY DISK DRIVE			
	H.S. CODE	: 8471.70.4035	RATE : 0.00	
	UNITS OF MEASURE: NO.		1.000000	

TO BE CONTINUED

### Example 3a (Continued)

00001 PLUM (111111) PAGE 2  
OF 3

S/C	DESC. OF GOODS	QUANITY UNIT	UNIT PRICE	AMOUNT (USD)
-----	----------------	--------------	------------	--------------

COUNTRY OF ORIGIN : SWEDEN

PLUM	41605130	1 PCS	100.00	100.00
	CORDLESS TELEPHONE (INCORPORATING DIGITAL SECURITY CODING) H.S. CODE : 8517.11.0000 RATE : 0.80 UNITS OF MEASURE: NO. 1.000000 FCC : 02 SSSSSSSSSSSSSSSSS			

COUNTRY OF ORIGIN : MALAYSIA

PLUM	966724110	1 PCS	100.00	100.00
	SOFT CARRYING BAG OUTER SURFACE OF NYLON (TEXTILE) FOR VIDEO CAMERA H.S. CODE : 8517.11.0000 RATE : 19.00 UNITS OF MEASURE: NO. 1.000000 KG 2,000,000 FCC : 02 SSSSSSSSSSSSSSSSS VIS: Y SID: Y QUO: Y CHE: DAN: SEP: Y CATG: 670			

COUNTRY OF ORIGIN : JAPAN

PLUM	470756401	100 PCS	100.0	10,000
	10MM X 53.7CM NITRILE RUBBER TIMING BELT MFG: MITSUBISHI H.S. CODE : 4010.29.4500 RATE : 6.70 UNITS OF MEASURE: KG 10.000000 ANT/DP: Y CASE NO.: A588807002 A/D RATE: .9316000 VIS: SID: QUO: CHE: DAN: SEP: Y CATG:			

COUNTRY OF ORIGIN : TAIWAN, PROV. OF CHINA

PLUM	89618701	1 PCS	100.00	100.00
	1/2 INCH (12.65MM) VIDEO CASSETTE MAGNETIC TAPE NON RECORDED H.S. CODE : 8523.13.0040 RATE : 0.00 UNITS OF MEASURE: NO. 1.000000 FCC : 01 GXK5663			

TO BE CONTINUED



### Example 3a (Continued)

0002 PLUM (111111) PAGE 3 of 3

S/C	DESC. OF GOODS	QUANITITY UNIT	UNIT PRICE	AMOUNT (USD)
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COUNTRY OF ORIGIN : JAPAN

PLUM	14070130	1 PCS	100.00	100.00
	HI-FI STERO SYSTEM			
	AC ONLY (TUNER/CD PLAYER;			
	DUAL TAPE DECK/AMO; SPKRS)			
	H.S. CODE : 8527.31.6040 RATE : 0.90			
	UNITS OF MEASURE: NO. 1.000000			

COUNTRY OF ORIGIN : MALAYSIA

PLUM	SF-L1	1 PCS	7.05	7.05
	SMART FILE LABEL			
	(PROXIMITY LABEL)			
	H.S. CODE : 8543.81.0000 RATE : 1.60			
	BINDING RULING : NYD80918			
	WITH STANDARD ACCESSORIES			
	UNITES OF MEASURE: NO. 1.000000			

TOTAL	107 PCS	FOB	(USD)	10,607.05
		TOTAL	(USD)	10,607.05

PAYMENT TERMS :

COVERED BY : T.T. REMITTANCE

WITHIN 30 DAYS AFTER B/L DATE

PRICE BASE : JAPAN

TOTAL CARTONS : 100 TOTAL WEIGHT : 100.00 TOTAL VOLUME : 0.0500

GENERAL BULK LICENSE

XYZ CORP.

E. & O. E.

### Example 3b: Insufficient invoice product description

0001 XYZ CORP. (111111) PAGE 1 of 2  
123 SUSHI ROAD  
WASABE DISTRICT TOKYO, JAPAN

FAX :  
TELEX :  
TEL :

INVOICE/ PACKING LIST

FOR ACCOUNT AND RISK OF (IMPORTER):	INVOICE	:	PLUM
ABC CORP.	MASTER BILL	:	001-63324833
123 MAIN STREET	HOUSE BILL	:	NEC56676406
ANY TOWN, U.S.A.	INVOICE DATE	:	10/01/98
	METH OF SHIP	:	AIR
	CARRIER	:	AMERICAN AIRLINES
	VESSEL	:	AMERICAN AIRLINES
FINAL DESTINATION: XXX	VOYAGE/FLIGHT	:	AA8267/24
ABC CORP.	ETD DATE	:	09/24/98
123 MAIN STREET	ETD DATE	:	09/24/98
ANY TOWN, U.S.A.	FOLDER NBR	:	9809-38522
	MARKS	:	

PORT OF EXPORT : TOKYO, JAPAN  
PORT OF CLEAR : SAN FRANCISCO-AIR  
VIA :

S/C	DESC. OF GOODS	QUANTITY UNIT	UNIT PRICE	AMOUNT(USD)
-----	----------------	---------------	------------	-------------

GENERAL MERCHADISE

COUNTRY OF ORIGIN : JAPAN

PLUM	15011500	1 PCS	100.00	100.00
	H.S. CODE	: 8528.21.4900	RATE : 5.00	
	UNITS OF MEASURE:	NO.	1.000000	

COUNTRY OF ORIGIN : SWITZERLAND

PLUM	42641900	1 PCS	100.00	100.00
	H.S. CODE	: 8471.70.4035	RATE : 0.00	
	UNITS OF MEASURE:	NO.	1.000000	

CONTRY OF ORIGIN : SWEDEN

PLUM	41605130	1 PCS	100.00	100.00
	H.S. CODE	: 8517.11.0000	RATE : 0.80	
	UNITS OF MEASURE:	NO.	1.000000	

COUNTRY OF ORIGIN : MALAYSIA

PLUM	966724110	1 PCS	100.00	100.00
	H.S. CODE	: 8517.11.0000	RATE : 19.00	
	UNITS OF MEASURE:	NO.	1.000000	KG 2,000,000

TO BE CONTINUED

### Example 3b (Continued):

00001 PLUM (111111) PAGE 2 OF 2

S/C	DESC. OF GOODS	QUANITITY UNIT	UNIT PRICE	AMOUNT (USD)
-----	----------------	----------------	------------	--------------

COUNTRY OF ORIGIN : JAPAN

PLUM	470756401	100 PCS	100.0	10,000
	H.S. CODE : 4010.29.4500	RATE : 6.70		
	UNITS OF MEASURE: KG	10.000000		

COUNTRY OF ORIGIN : TAIWAN, PROV. OF CHINA

PLUM	89618701	1 PCS	100.00	100.00
	H.S. CODE : 8523.13.0040	RATE : 0.00		
	UNITS OF MEASURE: NO.	1.000000		

COUNTRY OF ORIGIN : JAPAN

PLUM	14070130	1 PCS	100.00	100.00
	H.S. CODE : 8527.31.6040	RATE : 0.90		
	UNITS OF MEASURE: NO.	1.000000		

COUNTRY OF ORIGIN : MALAYSIA

PLUM	SF-L1	1 PCS	7.05	7.05
	WITH STANDARD ACCESSORIES			
	UNITES OF MEASURE: NO.	1.000000		

TOTAL	107 PCS	FOB	(USD)	10,607.05
		TOTAL	(USD)	10,607.05
=====				

PAYMENT TERMS :  
COVERED BY : T.T. REMITTANCE  
WITHIN 30 DAYS AFTER B/L DATE  
PRICE BASE : JAPAN  
TOTAL CARTONS : 100 TOTAL WEIGHT : 100.00 TOTAL VOLUME : 0.0500  
GENERAL BULK LICENSE

XYZ CORP.

E. & O. E.

## Appendix 2

### Shipper Instructions and Supplier Scorecards

#### Example 1:

May 6th 1998

ABC Supplier  
123 Any Street  
Anytown, ABC 123, Anyland

For the attention of the Export Department

Dear Sir or Madam

#### **Improvements requested to your export invoice**

As you may know, US Customs imposes strict requirements regarding the information shown on invoices which accompany shipments of products being imported into the USA. As a US importer, XYZ Corporation is ultimately responsible for any errors or omissions on such invoices, even if they have been provided by external suppliers such as yourselves.

Please see attached a copy of a recent invoice provided by your company to XYZ

- |  |  |
|--|--|
| <input type="checkbox"/> Incorrect or complete address details | <input type="checkbox"/> Product values missing                    |
| <input type="checkbox"/> Currency of invoice not shown         | <input type="checkbox"/> Product values incorrectly shown          |
| <input type="checkbox"/> Country of origin not shown           | <input type="checkbox"/> Product description incomplete or missing |
| <input type="checkbox"/> XYZ Purchase Order number not shown   | <input type="checkbox"/> Terms of delivery not shown               |
| <input type="checkbox"/> XYZ contact name not shown            | <input type="checkbox"/> Other, as specified below:                |

.....

Please make every effort to avoid similar discrepancies on future shipments. This will help to ensure that XYZ continues to comply with US Customs regulations and will reduce the likelihood of shipment delays caused by incomplete documentation.

Thanks for your co-operation. If you have any further queries, please do not hesitate to get in touch.

Yours sincerely  
**XYZ CORPORATION**

## **Example 2:**

XYZ Widget Company  
222 Regulations Avenue  
Compliance, CA 95124  
USA

Date:

Address of Exporting Country:  
Contact Name:

Subject:

Dear Sir or Madam:

The Customs Modernization Act (Title VI of the North American Free Trade Agreement Implementation Act) has resulted in a shift of the legal burden, from the US Customs Service to the importer, for the correct entry of merchandise. Since the passage of the Customs Mod Act, importers have been responsible for ensuring that their transactions comply with all applicable laws and regulations, including proper classification, valuation, country of origin determination and marking. The United States Congress has made it clear that importers must exercise "reasonable care" in transacting Customs business.

An importer's exercise of reasonable care requires that it critically examine its invoices. In accordance with 19 CFR 141.86 (a), XYZ Widget Company requests that export invoices from your facility contain the below listed information in order for us to meet our obligation as an importer:

1. Ship To (Name and Address) - Mandatory
2. Invoice Number - Mandatory
3. Invoice/Shipment Date - Mandatory
4. Terms of Sale - Mandatory (Terms should be FCA Tokyo)
5. Mode of Transportation-Air, Freight Collect or Third Party Bill XYZ Widget Company, Compliance, CA - Mandatory
6. Airport of Loading - Not Mandatory
7. Airport of Unloading/Destination - Not Mandatory
8. Description of Goods: - Mandatory
  - A. Detailed Description of Merchandise As Applicable to Product Shipping (i.e.: Integrated Circuits, Parts of Integrated Circuits, Wafers (approximate good die quantity), Die, etc.)
  - B. Individual Line Items Must Be Identified With ALL the Following Information: (If applicable, use it.)
    1. XYZ Widget Company's Device/Package Type/Temperature Grade/HPC#
    2. Mask Number (Integrated Circuit Wafer)
    3. P.O. Number
    4. Quantity
    5. Unit Price (US Dollars): Must be XYZ Widget Company's Integrated Circuits Standard Cumulative Assembly Cost (Not Assembly/P.O. Price). If returning die only, use die cost listed. Note: The XYZ Widget Company's Import Department will supply the Transaction Value Cost List.
    6. Total Amount in US Dollars or Agreed Upon Currency

9. Total Quantity of All Line Items - Mandatory
10. Total Amount of All Line Items/Unit Price - Mandatory
11. Declared Value for Customs Purposes Only/Fair Market Value for No Charge Items When It Applies - Mandatory
12. Harmonized Tariff Schedule Number (for Export and Import Clearance Purpose-Refer to Attachment) - Mandatory
13. Country of Origin: Country of Assembly (for US Imports)/Country of Diffusion for EU (Ireland) - Mandatory
14. Total Number of Cartons, Gross Weight in Kilos, Carton Dimensions - Cartons and Gross Weight is Mandatory, Carton Dimensions is not Mandatory but Preferred

Please sign and return the bottom portion of this letter as an acknowledgment and understanding of its contents and your agreement to comply. In addition, please provide us with a date that your Export Staff will comply with the above listed requirements. You can return either via mail or fax number \_\_\_\_\_. We would appreciate your response within two weeks.

Should you have any questions regarding these invoice requirements or experience problems complying with any item, please contact me immediately. We appreciate your immediate attention to this matter and cooperation in complying. It is our objective to demonstrate full compliance with US Customs Regulations and are looking forward to the assistance of our vendors. I will follow up this email by sending you sample copies of past commercial invoices via fax which highlight areas of non-compliance.

Sincerely,

Name & title of Department Manager

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Attention: Customs Compliance Manager of  
XYZ Widget Company  
222 Regulations Avenue  
Compliance, CA 95124  
USA

Phone Number:

Fax Number:

I have passed on a copy of this notification and attachments to all employees who currently handle and are responsible for the preparation of shipping (Export) invoices for the XYZ Widget Company account.

We have read and understand the intent of this letter. We agree to comply with all items (1-14) as stated.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Date

### **Example 3:**



## ***Memo***

To: / SEC Sales Support

From: / SMA

Date: April 24, 1997

Subject: SEC Commercial Invoice Descriptions

---

We have received a **NOTICE OF ACTION** from U.S. Customs Team CST 774 (DRAM Module and LCD TFT) today for requesting to change the **Description of Goods** for our DRAM MODULE on the SEC Commercial Invoice for all import shipments. The reason of this request is that our current descriptions do not meet the customs requirements of 19 CFR 141.86. A "detail descriptions" that customs required are as follows.

**CURRENT DESCRIPTION**

KMM5324104BK-6U  
SEMICONDUCTORS  
16M DMODULE

KMM366S403BTN-G2  
SEMICONDUCTORS  
16M SDMODULE

**CUSTOMS REQUIREMENT**

KMM5324104BK-6U  
MEM MODULE DRAM  
16MB SIMM 4M X 32 60NS

KMM366S104BTN-G2  
MEM MODULE SYNC DRAM  
32MB DIMM 4M X 64 12NS

**This memo is written to request your IMMEDIATE action in responding to the U.S. Customs's requirements. They have given us 60 days from the date of this notice (4/21/97) to correct the invoice description. The Customs will monitor shipments after 60 days from the date of this notice which will begin from June 20<sup>th</sup>, 1997 and our shipments will be delayed if descriptions do not meet Customs requirement. Please make necessary arrangement with appropriate department to accomplish this TASK.**

The attached please find the NOTICE OF ACTION received from U.S. Customs. Please contact me or our legal department with any questions you may have regarding this issue.

Thank you for your co-operation.

Attachments (3)



## **Example 4:**

### **U.S. Invoice Requirements (v1.7, 11/98)**

- 1) Vendor name and address (seller)
- 2) Date of invoice
- 3) Invoice number
- 4) Purchase order number (P.O.)
- 5) Sold to party
- 6) Ship to party:
- 7) complete name
- 8) correct current address (check these periodically)
- 9) attention to party – important to Import Department
- 10) Terms of sale
- 11) Terms of payment
- 12) Type of currency
- 13) Port of export
- 14) Final destination
- 15) Carrier
- 16) Part numbers (including company's P/N)
- 17) Country of origin
- 18) Description of goods – use generic terms (i.e. cable, IC capacitor, personal computer, etc. If product being shipped is a part for another product, identify what it is a “part of”).
- 19) Quantity
- 20) Unit price
- 21) Total amount
- 22) FCC ID number, if any
- 23) FDA accession number, if any
- 24) Number of cartons & pallets, and weights
- 25) Name and signature of responsible individual
- 26) Invoice must be in English
- 27) “(company name) to be the importer of record”
- 28) Shipments from all countries, except China or Hong Kong, using wood pallets must state “the solid wood packing materials are totally free from bark, and apparently free from live plant pests.”

Shipments from China or Hong Kong, not using solid wood packing materials (SWPM) must state “this shipment contains no SWPM”.

Note: If SWPM is used, a separate Chinese or Hong Kong government issued certificate is required.

### **Example 5:**

#### ***SUPPLIER'S COMPLIANCE SCORE***

<b>Vendor</b>	<b>Vendor Location</b>	<b>Invoice Compliance Rating (Percentage of 12 Total Mandatory Requirements)</b>	<b>Areas of Non-Compliance</b>
ABC Company	Philippines	<b>50%</b>	Terms of Sale Mode of Transportation Description of Goods Harmonized Tariff Schedule Country of Origin Total Number of Cartons/Gross Weight in Kilos
X-Roads Company	South Korea	<b>67%</b>	Mode of Transportation  Description of Goods Harmonized Tariff Schedule Country of Origin

## Appendix 3

### Additional Resources and Information

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#### Other Publications:

- *US Customs Guide to Importing*
- *A Basic Guide to Importing*
- Title 19 U. S. Code §1481(a)
- Title 19 Code of Federal Regulations §§ 141.81 - 141.92

Annual listings of all Harmonized Tariff Numbers included under the Information Technology PFI can be obtained from the Dallas Strategic Trade Center.

#### The Internet

The U. S. Customs Service's home page on the Internet's World Wide Web, provides the trade community with current, relevant information regarding Customs operations and items of special interest. The site posts information -- which includes proposed regulations, news releases, Customs publications and notices, etc. -- that can be searched, read on-line, printed or downloaded to your personal computer. The web site was established as a trade-friendly mechanism to assist the importing and exporting community. The web site contains the most current electronic versions of, or links to:

- Customs Regulations and statutes
- Federal Register and public information notices
- The Customs Bulletin and Decisions
- Binding Rulings
- Publications including-
  - *Importing Into the U.S.*
  - other Informed Compliance Publications in the "*What Every Member of the Trade Community Should Know About...*" series
  - *Customs Valuation Encyclopedia*
- Video Tape availability and ordering information
- Information for small businesses
- Harmonized Tariff Schedule of the United States and interactive tariff database maintained by the U.S. International Trade Commission (<http://www.usitc.gov/taffairs.htm>)

The web site links to the home pages of many other agencies whose importing or exporting regulations Customs helps to enforce. The web site also links to the Customs Electronic Bulletin Board (CEBB), an older electronic system on which Customs notices and drafts were posted. Since December 1999, the CEBB has been only accessible through the web site. Finally, Customs web site contains a wealth of information of interest to a broader public than the trade community -- to international travelers, for example.

The Customs Service's web address is <http://www.customs.gov>.

The information provided in this publication is for general information purposes only. Recognizing that many complicated factors may be involved in customs issues, an importer may wish to obtain a ruling under Customs Regulations, 19 CFR Part 177, or obtain advice from an expert (such as a licensed customs broker, attorney or consultant) who specializes in Customs matters. Reliance solely on the general information in this pamphlet may not be considered reasonable care.

Additional information may also be obtained from Customs ports of entry. Please consult your telephone directory for a Customs office near you. The listing will usually be found under U.S. Government, Treasury Department.

### **“Your Comments are Important”**

The Small Business and Regulatory Enforcement Ombudsman and 10 regional Fairness Boards were established to receive comments from small businesses about federal agency enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the enforcement actions of U.S. Customs, call 1-888-REG-FAIR (1-888-734-3247).



**U.S. Customs Service  
Washington, D.C. 20229**

**Please visit the U.S. Customs Service Web Site at <http://www.customs.gov>  
TO REPORT DRUG SMUGGLING  
1(800) BE ALERT**